



DEPARTMENT OF FORENSIC SCIENCE

INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS AS OF SEPTEMBER 2019

Auditor of Public Accounts
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Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
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October 17, 2019

Linda Jackson, Director
Department of Forensic Science
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INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS

We have reviewed the Internal Control Questionnaire, completed on September 11, 2019, for the **Department of Forensic Science** (Forensic Science). The purpose of this review was to evaluate if the agency has developed adequate internal controls over significant organizational areas and activities and not to express an opinion on the effectiveness of internal controls. Management of Forensic Science is responsible for establishing and maintaining an effective control environment.

The Auditor of Public Accounts has developed a new process for auditing agencies that are not required to have an audit every year, which we refer to as "cycled agencies." Traditionally, we audit these agencies at least once every three years. We now employ a risk-based approach to auditing the cycled agencies. Under this approach, annually we will perform a risk analysis for all of the cycled agencies considering certain criteria and divide the agencies into two pools. One pool will receive an annual audit and the other pool will be subject to review in a special project focused on one area of significance as well as a review of internal controls in the form of a questionnaire. Our intent is that all cycled agencies will complete an internal control questionnaire at least once every three years. This letter is to communicate the results of the Internal Control Questionnaire review.

Review Process

During the review, the agency completes an Internal Control Questionnaire that covers significant organizational areas and activities including payroll and human resources; revenues and expenses; procurement and contract management; capital assets; grants management; debt; and information technology and security. The questionnaire focuses on key controls over these areas and activities.

We review the agency responses and supporting documentation to determine the nature, timing, and extent of additional procedures. The nature, timing, and extent of the procedures selected depend on our judgment in assessing the likelihood that the controls may fail to prevent and/or detect events that could prevent the achievement of the control objectives. The procedures performed target risks or business functions deemed significant and involve reviewing internal policies and procedures. Depending on the results of our initial procedures, we may perform additional procedures including reviewing evidence to ascertain that select transactions are executed in accordance with the policies and procedures and conducting inquiries with management. The "Review Procedures" section below details the procedures performed for Forensic Science. The results of this review will be included within our risk analysis process for the upcoming year in determining which agencies we will audit.

Review Procedures

The Department of Accounts (Accounts) performed a Quality Assurance Review over Forensic Science and issued a report with findings and recommendations in August of 2019. At the time of our review this report had just been issued and management had not had time to implement corrective actions based on the recommendations in the report from Accounts. Due to this timing, during our review, we excluded from our scope of procedures areas that were covered in the Quality Assurance Review. The areas excluded include expenditure processing, review of compliance with the Agency Risk Management and Internal Control Standards, small purchase charge card processing, and reconciliation procedures for the statewide accounting system.

We reviewed the Internal Control Questionnaire and supporting documentation detailing policies and procedures. As a result of our review, we performed additional procedures over the following areas: payroll, human resources, grants management, and information security. These procedures included validating the existence of certain transactions; observing controls to determine if the controls are designed and implemented; reviewing transactions for compliance with internal and Commonwealth policies and procedures; and conducting further review over management's risk assessment process.

As a result of these procedures, we noted areas that require management's attention. These areas are detailed in the "Review Results" section below.

Review Results

We noted the following areas requiring management's attention resulting from our review:

- Forensic Science is performing the required monthly reconciliation of retirement data between the Commonwealth's personnel management system and retirement benefits system; however, this process is not sufficiently documented and there are no policies and procedures to govern this process. In addition, reviewing the Cancelled Records Report is required and part of the overall process to ensure retirement data is correct. Forensic Science is reviewing this report, but is not retaining documentation of this review. Management should develop and implement procedures over the entire reconciliation process to ensure compliance with requirements set forth in the Commonwealth Accounting Policies and Procedures Manual Topic 50410. In addition, management should ensure that all aspects of this process are sufficiently documented, in order to demonstrate compliance with Topic 50410.
- While Forensic Science has policies and procedures to govern the process for tracking and allocating expenses to its federal grants, the procedures and documentation for this process need to be expanded. The current processes are very detailed and complex; however, the procedures are very high level and do not reflect all of the processes being completed. In addition, while Forensic Science maintains documentation over this process, the documentation does not clearly reflect what is occurring and is difficult to follow without verbal explanation.

- Forensic Science does not meet all requirements of the Commonwealth’s Information Security Standard, SEC 501 (Security Standard). We noted the following instances where Forensic Science is not in compliance with the Security Standard:
 - The Risk Management and Contingency Planning documentation has not been updated in accordance with the timeline outlined in the Security Standard. Forensic Science has already contracted with a vendor to help them to update these documents. Forensic Science should continue with their efforts to get these documents up to date and in compliance with the Security Standard.
 - Forensic Science has two databases that are running on software that is no longer supported by the vendor. Forensic Science has a plan to update these databases; however, is dependent on the Virginia Information Technologies Agency (VITA) to perform some tasks before an upgrade to these databases can begin. Forensic Science should continue working with VITA to get these databases upgraded to help to ensure the confidentiality, integrity, and availability of the agency’s sensitive data.

We discussed these matters with management on October 10, 2019. Management’s response to the findings identified in our review is included in the section titled “Agency Response.” We did not validate management’s response and, accordingly, cannot take a position on whether or not it adequately addresses the issues in this report.

This report is intended for the information and use of management. However, it is a public record and its distribution is not limited.

Sincerely,

Martha S. Mavredes
Auditor of Public Accounts

JDE/clj



COMMONWEALTH of VIRGINIA
DEPARTMENT OF FORENSIC SCIENCE

OFFICE OF THE DIRECTOR
A Nationally Accredited Laboratory

October 31, 2019

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Martha Mavredes
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Dear Ms. Mavredes:

This letter is in response to the results of the Internal Control Questionnaire Review performed by your agency. The Department of Forensic Science (DFS) is in agreement with the review results and is taking the following actions in order to ensure both adequate internal controls are in place and that we are following all Commonwealth policies and procedures.

- DFS is now maintaining documentation of both the monthly reconciliation of retirement data and review of the Cancelled Records Report. DFS is currently working on detailed written procedures for this reconciliation process and anticipates completion of these procedures before the end of this calendar year.
- DFS is currently updating and expanding a number of the procedures over fiscal processes including tracking and allocating expenses to its federal grants. As part of the expanded process, procedures will be implemented to ensure that documentation clearly reflects what is occurring and can be understood without additional verbal explanation.
- DFS is continuing its efforts to update the Risk Management and Contingency Planning documentation and anticipates compliance with ITSEC 501 in calendar year 2020.
- DFS continues to work with VITA in order to update servers OS and SQL that are running software that is no longer supported by the manufacturer (Microsoft).

We appreciate the diligent and professional work of the APA. Please let me know if there is any additional information that our agency can provide.

Sincerely,

A handwritten signature in blue ink that reads "Linda C. Jackson".

Linda C. Jackson
Director